



# Energy Future Project Background

Working Groups Introductions: Dec. 11, 2014

# Agenda

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- I. Welcome and Introductions
- II. Role of Working Groups
- III. Expectations and Ground Rules
- IV. History & Objectives of Municipalization
- V. Feasibility Analysis
- VI. Where We Are Today
  - Transition Plan
  - Utility of the Future
  - Regulatory and Legal Proceedings

# Role of the Working Groups

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**Working Groups provide critical support to project components. Activities may include:**

- Analysis
- Discussion
- Independent research
- Reviewing reports
- Making recommendations

# Ground Rules

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- To provide a safe venue for the free flow of ideas
- Not be open to the public
- Follow the city's media protocol
- Come prepared, read materials prior to meetings
- Assume best intent from all participants
- Facilitation by staff
- meeting notes
- Use of Basecamp

# History of Municipalization





# History

**CLEAN  
LOCAL  
ENERGY**

reliable  
low-cost  
possible

BoulderEnergyFuture.com



## Boulder Electric Light Company

An Ordinance #266

Granting A Permit to The Boulder Electric Light Company And Their  
Assigns To Use The Public Streets And Alleys Of The City Of  
Boulder For Constructing, Maintaining And Operating Lines Of  
Electric Light Wire.

Be it ordained by the City Council of the City of Boulder:

Section 1. There is hereby granted to the Boulder Electric Light  
Company and its assigns a permit, for a period of twenty years

unless sooner ended by the election of the City Council, for the  
use of the public streets and alleys of the City of Boulder, for  
constructing, maintaining and operating lines of electric light

wire (including the right to set poles herefor), along such  
streets and alleys; but such lines shall be constructed and maintained  
so as not to obstruct or hinder the usual travel and other legitimate

uses of such streets and alleys, and so as not to interfere with any  
rights of private parties owning or using property contiguous to any

portion of such streets and alleys along which such lines may extend.

The use of said streets and alleys in the construction, maintenance,  
continuance and operation of said lines shall at all times be subject

to the regulations of the City of Boulder in the premises, which may  
exist at any time or be made in the future, whether by ordinance,

resolution or other order. Before this permit to take effect, (Parties to whom permit is granted, in the sum of \$5000.00, satisfactory to

and approved by the City Council to hold the City harmless for any  
liability incurred by such use of streets and alleys.

Passed March 6, A.D. 1895.

March 6, A.D. 1895.

# History of Municipalization



- **2005** – City started researching power supply options
- **2006** – Boulder voters pass nation’s first carbon tax
- **2010** – Franchise with Xcel expires, city decides not to renew after extensive negotiations; Boulder voters approve utility occupation tax to replace franchise fee
- **2011** – Continued negotiations with Xcel, which included potential “wind agreement;” wind deal did not meet community goals

# History of Municipalization



- **November 2011** – Boulder voters passed measures to fund a careful evaluation of municipalization (\$1.9 million a year) and establish Charter requirements that would drive creation of a local electric utility
- **January 2012 to August 2013** – Conducted analysis to determine if municipalization could meet Charter requirements and add community value



# Feasibility Analysis



## The Energy Future Goals



# History of Municipalization



## Charter Requirements

- Rates equal to or less than Xcel's at acquisition
- Sufficient revenue to cover operating costs plus earn a debt service coverage margin of 25%
- Reliability comparable to that offered by Xcel
- Increase renewable energy and decrease emissions
- Independent 3rd party review
- \$214 million cap on debt for acquisition
- Representation of any non-city customers

# Feasibility Analysis



# Working Groups - Past



Working Group	Staff Facilitator
Clean Energy Tech Team	Jonathan Koehn
Communication	Sarah Huntley
Decision Analysis	Kelly Crandall
Financial	Yael Gichon
Governance	Carl Castillo
Natural Gas	Jonathan Koehn
Reliability	Bob Harberg
Resource Modeling	Jonathan Koehn
Solar	Yael Gichon & Kelly Crandall

# Feasibility Analysis - Quantitative

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- Detailed data collection, vetting and modeling of baseline and alternative scenarios
- Working groups formed to advise staff
- Models approved by independent 3<sup>rd</sup> party
- Showed it was not only feasible but there are several models under which we could make significant environmental progress while keeping rates on par over 20 years and improve reliability

# Feasibility Analysis - Qualitative

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- **Rates** - Stable, predictable, competitive, dynamic
- **Reliability** - Resilience through upgrades and local generation
- **Local Economic Development** - Reinvesting locally, platform for innovation
- **Local Decision-making** – Increasing the voice of customers in decisions about rates and investments



# Why Municipalize?



**It's about Decarbonization, Decentralization, and Democratization of our Electricity Services**

**The Boulder vision is about:**

- Stable, Safe and Reliable Electricity
- Customer Centric – Service vs. Commodity
- Promoting local economic vitality
- Flexibility and agility in responding to changing market conditions and technology
- Increasingly sustainable, resilient, & carbon free
- Stable and predictable rates

# Where We Are Today

**CLEAN  
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[BoulderEnergyFuture.com](http://BoulderEnergyFuture.com)



# Where We Are Today

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**August 2013** – Council authorized filing of condemnation to acquire Xcel assets if negotiations fail

**November 2013** – Boulder voters defeated opposing ballot measure, reaffirmed commitment

**May 2014** – City Council forms utility in charter

**2014 through 2016** – Legal and regulatory processes; transition plan implementation

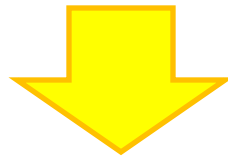
# The Utility of the Future

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**The energy utility market is changing.  
This shift is necessary and inevitable.**

**Current Business Model**



**Desired Business Model**

# The Utility of the Future



***Can I charge my  
electric vehicle with  
solar?***

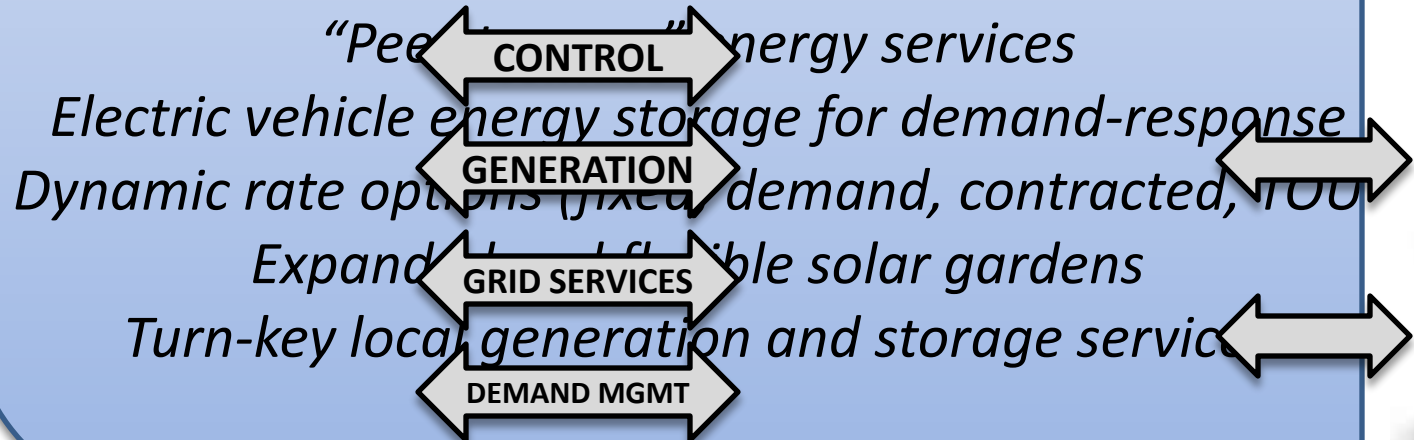


# ENERGY SERVICES MARKET

## "A platform for innovation"

- Entrepreneurial energy services
- 3<sup>rd</sup> party access
- Open to innovation and competition

### Examples of Innovations focus



### Customers



Power Flow



# Transition Plan

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*We've developed a transition plan, or roadmap, for implementing a retail utility operation.*

## **Key Milestones:**

- Day 1 (3rd quarter 2016) – City funds local electric system & takes ownership of assets
- Day 2 (18-24 months after Day 1) – City completes separation from Xcel Energy & assumes full operation
- Post Day 2 – Transition to the utility of the future

# Regulatory & Legal Proceedings



## Regulatory and other legal procedures and their implications:

1. FERC declaratory order
2. Xcel filed for PUC declaratory action and decision appealed by city
3. Xcel filed Boulder Docket
4. Xcel filed suit against city on formation of utility
5. City filed condemnation
6. Xcel filed for FERC declaratory order

# Working Groups – 2014 to 2015

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- Customer Experience
- Resource Acquisition
- Energy Services
- Governance
- Rates and Bills
- Reliability and Safety

# Working Groups – Resource Acquisition

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The **Resource Acquisition Working Group** will assist the team by evaluating options related to Boulder’s resource portfolio.

Examples of specific topics include:

- Review of key RFI and RFPs,
- Evaluation of consultant reports on local generation,
- Identification of criteria for selecting resources,
- Analysis of availability of wholesale resources, and
- Integration of recommendations from other working groups, e.g. solar and natural gas.

# Working Groups - Energy Services

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The **Energy Services Working Group** will:

- Identify customer needs such as efficiency, conservation, and reliability,
- Identify and review energy services that exist today for the city and for Xcel ratepayers,
- Identify energy services to offer on “day 1” and how to get there (contracts, limited pilots, etc.),
- Research best practices for providing energy services.

# Questions and Comments

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**THANK YOU!**